



City of Rockville FY 2005 Budget In Brief

On April 12, Acting City Manager Catherine Tuck Parrish presented the proposed FY 2005 budget to the Mayor and Council. This Budget in Brief provides an overview of the proposed budget.

From the Acting City Manager:

It is a privilege to present the proposed budget for the City of Rockville for FY 2005, which begins July 1, 2004. This proposed budget reflects the Mayor and Council's goals, provides for premium programs and services and supports the City's infrastructure. It also looks toward the future, considering important trends that will affect how we provide and pay for services. It shows strong support for the Mayor and Council's top priority: Create a vibrant Town Center.

The property tax rate remains at \$0.322 per hundred dollars of assessed valuation for real property. Overall, the budget is a result of careful prioritization and thoughtful evaluation of the City's needs and services. The process included City employees generating suggestions to improve efficiency and cut costs. These programs will result in savings and productivity improvements in FY 2005.

Catherine Tuck Parrish

Catherine Tuck Parrish, Acting City Manager

Fiscal Outlook for FY 2005

The City's overall fiscal condition drove the development of the FY 2005 budget.

The demands of constructing Town Square, coupled with the troubled state and national economy, result in little flexibility for the City to fund new projects or respond to opportunities or challenges. The need to keep a large amount of cash on hand for Town Square construction has reduced the City's investment earnings. In addition, the City must budget extremely conservatively to prepare for the inherent risks associated with constructing a project of this scale.

Economic pressures at the State level continue to restrict our revenue sources. For the second consecutive year, we expect to take a one-third reduction in State Highway User Revenue. In addition, the State will fund Program Open Space at levels that are less than half of what the City was receiving several years ago, thus forcing the City to reschedule and revise several recreation capital projects.

One trend that has benefited the financial picture is the increases in property tax assessments due to the continued rise of property values.

Budget Available Online

The complete proposed FY 2005 budget is available online at www.rockvillemd.gov/government/budget. Additionally, copies of the budget are available at Rockville Regional Library, Twinbrook Library and City Hall.

Citizens are encouraged to examine the proposed budget and offer suggestions during a public hearing on May 3, at 7 p.m., at City Hall (111 Maryland Ave.). Any citizen can come to the hearing and comment on the budget. Also, the Mayor and Council will hold public worksessions related to the budget, and citizens are invited to attend.

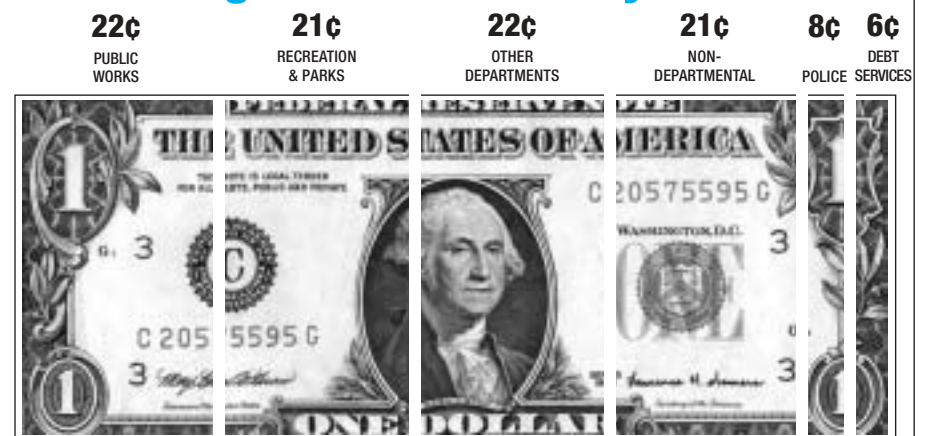


Adding new countdown timers to City crosswalks are included in the Mayor and Council's goal for pedestrian safety.

Total Budget Highlights

- The property tax rate remains unchanged at \$.322 per \$100 of assessed value.
- The FY 2005 operating budget is \$74,479,195. This represents a net increase of 6.6 percent over the modified FY 2004 budget, net of appropriated fund balance in the General Fund.
- The General Fund budget of \$48,577,880 is 6.8 percent higher than the modified FY 2004 budget, net of the appropriated fund balance in the General Fund.
- General Fund revenue in FY 2005 will exceed the revenue in the modified FY 2004 budget by \$3.0 million. The major portion of the General Fund revenue growth is a projected increase in real property tax revenue of \$1.7 million (7.6 percent over the FY 2004 modified amount). Income tax revenue is budgeted to increase by \$111,175 (1.8 percent of the FY 2004 modified amount). However, the income tax revenue estimated for FY 2005 is below the amount actually received in FY 2002.
- The Capital Improvements Program (CIP) incorporates \$141,769,828 of community enhancements to be made over the next six years. In addition, open projects from prior years in the amount of \$99,581,944 will be included in the FY 2005 CIP appropriation.
- In FY 2005, the Capital Projects Fund will issue bonds in the amount of \$5.18 million to

Making 'Cents' of The City's Dollar



Illustrates how, by department, approximately \$1 of taxpayers' money is allocated.

finance projects. The Water Facility Fund will receive \$4.06 million in additional loan funds from the Maryland Department of the Environment for capital projects and the Sewer Fund will issue bonds in the amount of \$2 million in FY 2005 to finance improvements at the Blue Plains Wastewater Treatment Plant. The Refuse Fund will issue bonds in the amount of \$228,968 to fund vehicle purchases. (During the six-year CIP period, the City also will sell approximately \$30 million in general obligation bonds to build three public parking garages in Rockville's Town Center.)

- The Water rate will increase by \$.08 per thousand gallons in FY 2005, raising the rate to \$2.07 per thousand gallons, an increase of 4 percent. Similar rate increases are anticipated in future years to cover modest operating cost increases and to accommodate future capital spending.
- The Sewer rate will increase by \$0.11 per thousand gallons in FY 2005, raising the rate to \$3.61 per thousand gallons, representing an increase of 3.1 percent. Nearly all of the capital costs in the Sewer Fund, and a substantial portion of the operating costs, are payments for the operation of, and capital improvements to, the Blue Plains Wastewater Treatment Plant. The 1998 Master Plan for the District of Columbia Water and Sewer Authority included a significant increase in planned capital costs, as reflected in the Regional Treatment Facilities CIP project. Even with the increase, the City's rate remains below the WSSC rate.
- The Refuse rate will increase by \$2.50 per month. The proposed FY 2005 rate of \$28 is a 9.8 percent increase from FY 2004.

FY 2005 Budget Schedule

- **May 3** Budget public hearing #2
- **May 11** Budget worksession #1
- **May 17** Budget worksession #2
- **June 1** Budget worksession #3 (if needed)
- **June 14** Budget and taxes and utility rates adopted by the Mayor and Council